

**OFFICE OF THE SECRETARY OF STATE
STATE OF MISSISSIPPI
BUSINESS REGULATION AND ENFORCEMENT**

| | |
|-------------------------------------|---------------------|
| In The Matter Of: |) |
| |) |
| CONSUMER CONCEPTS INVESTMENTS, INC. |) Administrative |
| CRD No. 26167 |) Hearing |
| |) Number: S-05-0233 |
| |) |
| RESPONDENT |) |

CONSENT ORDER

COME NOW the Business Regulation and Enforcement Division of the Mississippi Secretary of State's Office (hereinafter "Division") by and through its counsel, Patricia Melvin, and Consumer Concepts Investments, Inc. (hereinafter "CCI") by and through its counsel, Wendy Rovira, requesting approval of the Administrative Hearing Officer of an agreement settling all allegations of violations of the Mississippi Securities Act by the Respondent as set out in the Notice of Intent to Revoke Registration and Notice of Intent to Impose Administrative Penalty attached hereto as Exhibit "A", and the Hearing Officer finds as follows:

I. JURISDICTION

The Business Regulation and Enforcement Division of the Mississippi Secretary of State's Office has the power to administer and regulate securities under the Mississippi Securities Act (hereinafter "Act"), codified at Miss. Code Ann. §§ 75-71-101, *et seq.*

Respondent admits to the jurisdiction of the Division as to all matters herein under the authority of the Act.

II. ALLEGATIONS

In Exhibit A, the Division asserted the following allegations against CCI:

- A. Ratcliff did not attend the annual compliance meeting and did not complete the compliance training within the time mandated in CCI's

Compliance Manual. CCI's failure to ensure that Ratcliff attended the compliance meeting and completed the required training within the time mandated was a failure to supervise its representative in violation of Miss. Code Ann. § 75-71-321(b)(A) and NASD Rule 3010(a)(7). Violation of NASD Rules constitutes a violation of Mississippi Securities Act Rule 523(A)(23).

- B. CCI's failure to enforce its written policies and procedures regarding annual compliance training for its registered representatives is a violation of NASD Rule 3010(b)(1). Violation of NASD Rules constitutes a violation of Mississippi Securities Act Rule 523(A)(23).
- C. CCI's failure to enforce its written policies and procedures regarding examinations during the initial 12 months of an Unregistered Location and its representative conducting securities business on behalf of the firm was a failure to supervise in violation of Miss. Code Ann § 75-71-321(b)(A) and NASD Rule 3010(c). It was also a failure to enforce its written policies and procedures in violation of NASD Rule 3010(b)(1). Violation of NASD Rules constitutes a violation of Mississippi Securities Act Rule 523(A)(23).
- D. CCI's failure to enforce its written policies and procedures regarding bi-annual examinations for Unregistered Locations was a failure to supervise in violation of Miss. Code Ann § 75-71-321(b)(A) and NASD Rule 3010(c). It was also a failure to enforce its written policies and procedures in violation of NASD Rule 3010(b)(1). Violation of NASD Rules constitutes a violation of Mississippi Securities Act Rule 523(A)(23).
- E. CCI's lack of knowledge of the outside activities of its representative Ratcliff reveal a lack of internal policies and procedures to ensure an adequate background check on its representative Ratcliff. This was a failure to supervise in violation of Miss. Code Ann. § 75-71-321(b)(A) and NASD Rule 3030.
- F. Ratcliff's failure to maintain a Supervisory Procedures/Compliance Manual in his office is a violation of Mississippi Securities Act Rule 521.

III. WAIVER OF RIGHT TO ADMINISTRATIVE HEARING

Respondent has reviewed and considered the foregoing allegations. Without the Respondent admitting any violation or culpability regarding or concerning the allegations, and in order to resolve the disputes with the Division without proceeding to a formal administrative hearing and review, the Respondent and the Division have agreed to an amicable resolution of

[Signature]

[Signature]

the allegations and the proposed fines and charges. Respondent understands that it has the right to a hearing on this matter at which it may be represented by counsel, present evidence and cross-examine witnesses. Pursuant to the terms of this Consent Order and solely for the purpose of amicably resolving the foregoing allegations and any disputes with the Division without proceeding to a formal hearing, Respondent hereby withdraws and irrevocably waives its request for an administrative hearing solely on the matters set forth herein.

IV. STIPULATIONS

Further, Respondent consents to and agrees to the undertakings contained herein.

THEREFORE, in consideration of a final resolution of the matters set forth herein, the Division and Respondent hereby agree and stipulate as follows:

- A. CCI has performed an on-site audit of Mr. Larry Ratcliff's office and records (CRD No. 2257495), and has furnished the Division with its Audit Checklist, Follow-up Action Plans and Evaluations.
- B. For the remainder of 2006, CCI agrees to create three (3) and six (6) month Action Plans for Mr. Ratcliff's office following the date of Respondent's March 2, 2006 audit of Mr. Ratcliff's office. Further, CCI agrees to furnish said Action Plans to the Division no later than April 30, 2006, and Respondent shall thereafter provide evidence of CCI's reasonable efforts to verify Mr. Ratcliff's compliance within fifteen (15) business days after June 30, 2006 and September 30, 2006.
- C. With respect to Larry Ratcliff (CRD No. 2257495) and Joseph Fondren, 451 County Road 215, Abbeville, Mississippi 38601 (CRD # 2468679), CCI agrees to perform annual on-site audits at the beginning of each calendar year for the next three (3) years commencing in the year 2007, with each such audit to be performed no later than March 31 of any such calendar year. Further, with respect to Mr. Ratcliff, CCI agrees to furnish to the Division, for its review and consideration, CCI's Audit Checklist, Findings and Action Plans within fifteen (15) business days following the completion of each such annual on-site audit during the year 2006.
- D. CCI agrees to maintain the heightened supervision of Mr. Ratcliff's office for the remainder of 2006. Specifically, CCI will continue to require Mr. Ratcliff to contact the CCI home office bi-weekly, and CCI will continue to conduct customer specific suitability reviews of any new customer

applications in advance of any purchases or transactions involving any new customers, for the remainder of 2006.

- E. With respect to any person who becomes registered with the Respondent and who maintains an office in Mississippi during the years 2006, 2007, 2008 and 2009, CCI shall notify the Division in writing of the name, address and CRD number of any such person within thirty (30) days of the date on which any such person becomes affiliated with the Respondent.
- F. Without admitting any violation or culpability, and to resolve the disputes with the Division without proceeding to an administrative hearing review, CCI shall pay the Division an administrative penalty in the amount of Fifteen Thousand Dollars (\$15,000.00) in two (2) equal payments of Seven Thousand Five Hundred Dollars (\$7,500.00). The first payment shall be delivered to the Division on or before March 31, 2006, and the second payment shall be delivered to the Division on or before April 28, 2006.
- G. In the event that CCI and/or its successors in interest fail to comply with any of the agreements, stipulations, or undertakings set forth herein (and subject to the conditions set forth in Section V entitled "Other Matters"), Respondent shall be deemed to be in violation of this Order and hereby knowingly and voluntarily waives any right to notice and to an administrative hearing; waives any right to separately stated findings of fact and conclusions of law to which it may have otherwise had a right regarding the matters herein; and hereby consents to the entry of a Final Order Revoking Registration; and Respondent hereby waives any right to appeal said Final Order.
- H. This Order concludes the investigation by the Division and settles all of the Division's allegations of violations of the Mississippi Securities Act by Respondent as alleged in the Notice of Intent to Revoke Registration and Notice of Intent to Impose Administrative Penalty.
- I. As a result of this Order, the allegations set out above cannot be used as a basis for any action by the Division except in determining any penalty as may be imposed by the Division for any future violations of the Act committed by the Respondent and as set forth below.
- J. This Consent Order and its contents, as well as any related correspondence or discussions between the parties hereto and/or their counsel, shall be considered equivalent to a *nolo contendere* plea under the Mississippi Rules of Evidence and any other applicable federal or state rule regarding evidence and other related matters. The offering or use of the Consent Order, as well as any related correspondence or discussions between the parties hereto and/or their counsel, in any administrative, civil, criminal or

PM

NR

other proceeding shall be subject to and limited to the circumstances described in any such rule(s).

V. OTHER MATTERS

This Consent Order represents the complete and final resolution of all administrative and civil claims, demands, actions and causes of action by the Division against CCI for the alleged violations of the Act which are outlined in paragraph II entitled "ALLEGATIONS" of this Consent Order. In the event CCI fails to comply with the provisions of the Order, including but not limited to any matters specified or described in Section IV of this Consent Order, the Division shall notify CCI in writing of such breach or failure. Following its receipt of such written notice, CCI shall have ten (10) business days to correct or cure any such breach or failure to comply with the provisions of the Order.

VI. ACKNOWLEDGMENT

The Respondent hereby acknowledges that it has read this Order in its entirety and fully understands its rights, terms and obligations contained herein.

Furthermore, the undersigned agent for the Respondent acknowledges that she has been lawfully vested with the authority to enter into this Consent Order on behalf of the Respondent.

THEREFORE, the parties' request for the approval of the terms of their agreement is hereby granted and the administrative hearing scheduled for March 30, 2006, is hereby cancelled.


SUSAN SHANDS JONES
HEARING OFFICER

CONSUMER CONCEPTS INVESTMENTS, INC.

BY: H. V. Collett, II
NAME: H. Vernon Collett, II
TITLE: President

Wendy I. Roxia
WENDY ROVERA
LEAKE & ANDERSSON
ATTORNEY FOR RESPONDENT

ERIC CLARK
Mississippi Secretary of State

BY: James O. Nelson, II
JAMES O. NELSON, II
ASSISTANT SECRETARY OF STATE

Patricia Melvin
PATRICIA MELVIN
ATTORNEY FOR DIVISION

Patricia Melvin, MSB # 2865
Mississippi Secretary of State's Office
700 North Street
Post Office Box 136
Jackson, Mississippi 39205-0136
Tel. (601) 359-1650
Fax. (601) 359-1499

Initial pm Initial mr